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United States Office of Personnel Management

Performance

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Measuring Federal Productivity

One of the most challenging tasks managers face is that of measuring their organizations' performance. The complexity of Federal programs and goals further complicates the already difficult job of developing performance measurement systems that will capture the many elements of information managers need.

The demand for better measurement systems arose in part from the Civil Service Reform Act (CSRA)'s requirements to improve Federal productivity. Secondly, public demand for increased government services at stationary or reduced costs has brought Federal productivity under the public's scrutiny. Finally, more managers and supervisors have become aware that better measurement offers them better insight into the strengths and weaknesses of their organizations.

Complicating Federal productivity measurement is the indisputable fact that government operates differently from private industry. Federal offices generally may not merely adapt measures used to good effect in private industry as their own. Private industry may measure its performance simply by using bottomline profit measures, a handy (although not totally revealing) item not available to government. In addition, the diversity and disparity of Federal programs dictate that Federal measurement systems be models of flexibility and ingenuity to supply managers the detailed information they need.

The Office of Personnel Management (OPM) is responsible under CSRA and Executive Order 12089 for improving productivity in the Federal sector. Within OPM, the Workforce Effectiveness and Development Group (WED)'s Measurement and Analysis Division is working to broaden and improve Federal productivity measurement.

Measurement at Present

Two-thirds of the Federal civilian workforce is presently covered by a traditional productivity measurement system managed by OPM and administered by the Bureau of Labor Statistics (BLS) in the Department of Labor. The system assesses efficiency by comparing outputs to inputs (i.e., staff time) and contains data going back to 1967. BLS currently collects data on output per employee-year from every Federal agency with more than 200 employees. The BLS system contains the only data available on productivity for more than one Federal agency. Once the data are gathered, OPM publishes both summary and detailed reports analyzing the trends in productivity the data reveals. Its first annual productivity report, "Measuring Federal Productivity: A Report and Analysis of the FY 78 Productivity Data," came out in February, 1980. Previously, the annual reports were published by the National Center for Productivity and Quality of Working Life (1976-77) and the Joint Financial Management Improvement Program (1973-76).

In the BLS system, there are 28 categories of agency functions for which data are collected. The categories are activities such as audit of operations, equipment maintenance, financial management, library services, and general support services. Each category has output indicators or measures (claims adjusted, employment actions completed, consumer complaints processed, etc.). There are over 2,660 output indicators in the system. A full listing of the outputs is in the report "Federal Productivity Data Base," available from OPM. The system is limited in that some Federal agencies do not produce clear physical final products, but intermediate products used by other agencies. Using the BLS system, however, Federal agencies showed a productivity increase of 1.7% for fiscal year 1978 and an average annual increase of 1.4% since 1967.

The BLS system has many virtues and has been a valuable management tool. It measures common functions across government agencies and it measures them over time. It produces comparative and historical data. To an extent, it allows managers to compare their operations against similar operations in other agencies. It also allows them to compare their present performance with that of past years and look at trends. Now, however, as the issue of accountability has grown larger and as CSRA introduced new requirements, the Federal measurement system must expand to meet new needs. One such new need is the increasing likelihood that Federal agencies will use such data in making per-

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formance determinations for Senior Executives and merit pay managers.

Measurement as it is Developing

OPM is working with BLS to revise the present productivity system so it will produce even more information on more facets of performance. Working from the legislative requirements in CSRA, OPM is striving to achieve performance indices that take into account not only efficiency and costs, but effectiveness, quality of service, and timeliness. Such an inclusive system may preclude the use of a single measure of productivity and, in fact, may require the use of several indices. The principal measurement index, however, will probably be an economic one, in which costs (both labor and other) are related to measurable outputs. The new systems should provide managers with information they need to operate programs, and they should also collect information about the government as a whole. The new systems will help managers improve their control, design more economical programs, and plan realistic staffing levels and budgets throughout their organizations.

OPM is identifying agencies that have especially effective measurement systems. Examples are the National Labor Relations Board and the Department of Housing and Urban Development, which have total management information systems linking individual standards to organizational objectives. OPM will draw on the innovations and experience offered by these systems. Once agencies with good systems are located, OPM will send in a staff team to study the procedures. If the team confirms the value of the system, OPM will document and publicize it so that other agencies may adapt or learn from the system. Several agencies have been selected for review, including one with a measurement system for attorneys.

A second approach comes in the form of direct technical assistance to selected agencies. Teams of OPM and BLS staff members help individual agencies improve their output measures, link their measurement and performance appraisal systems, and integrate the measurement system into management information systems. The work with individual agencies should produce valuable lessons that can benefit other agencies.

OPM is also conducting workshops to instruct Federal managers in methods of measurement and how to use them to improve employees' performance. Both productivity specialists and program managers participate. The workshops typically include a description of an agency's measurement system (delivered by an agency official) and an open discussion of the system and its facets by attendees. OPM recently held a workshop on legal and judicial functions and will sponsor others on library services and loans and grants this year.

In addition, OPM has scheduled a research and development project to build methods of linking measures of individual performance to organizational productivity. The first groups to be studied are scientists and engineers whose work is particularly difficult to measure. The project will include sources in the public and private sectors as well as academe. OPM is also conducting state-of-the-art research papers to learn more about measurement, document problems, and describe current practices. One paper already underway is a taxonomy of current Federal work measurement systems. Other projects include studies of the feasibility of public versus private sector productivity comparisons and a study of effectiveness measures, a particularly complex issue. All findings and trends uncovered by the research will be offered to government managers in OPM's productivity publications.

As OPM gains knowledge in productivity measurement, it will make available all its findings and advice in productivity measurement documents. The documents will be distributed to managers throughout the Federal government. OPM's first productivity measurement document, reporting on a project to design a system for personnel offices, has already been published (see accompanying article for an overview of the project and its findings).

Conclusion

Performance measurement is a complicated task under the best of circumstances. It is the subject of debate and study in both the private and public sectors. The results of the Federal government's progress will have a profound effect on every Federal agency as well as private industry. Conquering the problems inherent in measuring performance demands ingenuity, innovation, patience, and hard work on the part of everyone. The rewards of a successful measurement system will surpass the numerous trials of establishing it.

—Office of Productivity Programs
Michael Hoefer, Measurement and Analysis
Division, Technical Advisor

For More Information

To receive copies of publications mentioned in this article or for help with your measurement system, call or write

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Measuring Productivity In Personnel Offices

OPM's first document on productivity measurement is "Measuring Common Administrative Services: Assessing Productivity of Operating Personnel Offices." Published in April 1980, the document is a report on a project begun in 1975 under the sponsorship of the Interagency Advisory Group (IAG). During the annual Federal Personnel Directors' Conference, attendees agreed to establish a task force under the IAG to study how personnel offices operate and develop ways to measure their work. Allan Udler of the Civil Service Commission, later the Office of Personnel Management, was the project manager.

Developing a New System

The task force used a six-phased approach: 1) survey and feasibility study; 2) development of prototype measures; 3) pilot tests; 4) refinement and retesting; 5) operational tests; and 6) adoption of system. Thirty-one personnel offices with 1200 employees participated in a year-long operational test of the method the task force designed.

Although the task force focused on personnel office functions, the resulting methodology can be transferred to other common administrative services (e.g., accounting, procurement, public affairs). The system is based only on efficiency (output/input), but OPM is now working on effectiveness measures for personnel offices.

The task force followed a systems approach in their study. They divided the functions of the personnel office into manageable components, dealt with each one separately, and then integrated the entire system. They identified five functional areas of work in the personnel office: 1) staffing and employment; 2) position classification; 3) employee and labor relations; 4) employee development; and 5) general administration. The first four functions are generally homogeneous and mutually exclusive. Activities which overlap the first four functions were placed in the fifth category.

As measures of labor input for each functional area, the team chose two types; direct and indirect. Direct labor is the employee time, both professional and clerical, used to produce an output, such as classifying a position. Although most management systems usually classify clerical work as indirect labor, the task force chose to include it as direct labor when it involves preparing an output, such as typing a position description. Indirect labor refers to time spent in managing, supervising, and performing clerical work supporting the functional areas. It also includes training (except on-the-job training), reporting, annual and sick leave, travel, and general administration.

The task force classified output measures for each functional area as measurable or non-measurable. Measurable outputs may be quantified, such as the number of complaints processed or positions classified. Non-measurable activities do not have final outputs which can be adequately quantified, but their corresponding employee-year inputs can be. An example is labor-management activities. The task force experimented with a number of output measures (such as number of labor contracts initiated and number negotiated) but found none adequate. Thus, the team decided that the system must accommodate both measurable and non-measurable outputs. Non-measurable outputs are important and the *time* employees spend producing them is equally important and measurable.

With the basic information in hand, the team then listed the outputs of each functional area. For example, in staffing and employment (a functional area), there are six quantifiable outputs:

- number of accessions processed (SF-50s)
- number of promotions processed (SF-50s)
- number of separations processed (SF-50s)
- number of internal actions processed (SF-50s)
- number of agency internal actions processed (SF-50s)
- number of pay actions processed (SF-1126s)

The staffing and employment area also has a non-quantifiable output: management and technical assistance. For each of the outputs, the task force identified all labor steps necessary to produce them.

Once the labor steps were identified, the task force prepared an optically readable reporting form listing activities under each functional area (Figure 1 shows an abbreviated illustration of the form). Employees use the forms to record their activities during the reporting periods. Since Federal personnel offices routinely record their outputs (actions processed, etc.) quarterly, the only extra effort came in recording inputs (staff time).

The task force chose a random sampling procedure to gather input data. The procedure is designed for ease of use, accuracy, and minimal work disruption. Input labor data were sampled and reported during 5 test periods evenly distributed throughout the year. Each test period lasted 2 weeks with 5 sampling times per day. The sampling periods corresponded to pay periods, and the random daily sampling times were selected by a computer based on the operating hours of the office.

Once the task force set the sampling periods and times, each personnel office designated a control person to notify employees when they should record their work. Only the control person knew in advance the times selected for sampling. Once the employees were notified, they checked the space on their report forms under the category of work they were performing. All employees in the offices participated. If employees were out of the office at the time of the sample, the control person notified them of the time upon their return and they marked their reports accordingly.

Figure 1

Personnel Office Measurement Survey

GENERAL INSTRUCTIONS:

(1) Use only a Number 2 (or softer) lead pencil.
(2) Completely darken the oval corresponding to the work you are doing at the selected time.
(3) Completely erase any mistakes.
(4) Make no marks outside of the response areas.

1	GRADE		
	GS - 1 ○	GS - 7 ○	GS - 13 ○
	GS - 2 ○	GS - 8 ○	GS - 14 ○
	GS - 3 ○	GS - 9 ○	GS - 15 ○
	GS - 4 ○	GS - 10 ○	GS - 16 ○
	GS - 5 ○	GS - 11 ○	GS - 17 ○
	GS - 6 ○	GS - 12 ○	GS - 18 ○

2	STAFFING AND EMPLOYMENT	RANDOM TIMES DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
DIRECT LABOR	ACCESSIONS (100-292)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	SEPARATIONS (300-472)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	PROMOTIONS (702)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	INTERNAL ACTIONS (500-651, 712-721, 724-891)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	PAY ACTIONS (892-899)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	AGENCY INTERNAL (900-999)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	MGMT/TECH ASSISTANCE (Not Included Above)	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	OTHER (Specify): _____	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	OTHER (Specify): _____	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
INDIRECT LABOR Administrative/Clerical	SUPERVISORY	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	CLERICAL	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	LEAVE	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	TRAINING	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	GENERAL ADMINISTRATION	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	TRAVEL	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○
	REPORTS	○○○○○	○○○○○	○○○○○	○○○○○	○○○○○

7	LUNCH	RANDOM TIMES DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
		○○○○○	○○○○○	○○○○○	○○○○○	○○○○○

Once the employees reported their work, the task force's next step was determining the system's outputs: labor distribution; unit labor cost; and productivity indices.

Labor distribution may be determined by adding all marks for one activity on the report forms and dividing that number by the total number of marks on all sheets. This percentage (the labor distribution) is then multiplied by the number of full-time equivalent employees, resulting in the staff-year distribution by function within the statistical parameters of 95% confidence and a precision of ± 5%.

Unit Labor Cost may be obtained by multiplying the labor distribution percentage by the personnel office costs to yield cost per function and activity. The cost per activity is then divided by the quantifiable output per measurable activity. Thus, one achieves the unit cost (i.e., cost for processing a promotion, etc.).

Productivity Data is obtained for both office and function by dividing the output by the input. First year productivity measures become the base year used for comparison and are indexed at 100. The indices are available in the second and subsequent years.

Testing the System

Several Washington personnel offices undertook testing the prototype measurement system in their operations. Employees in the offices then reported to the task force their reactions to the system: how accurately they felt it identified their work; its ease of use; and the degree to which it disrupted their work. Once they had employee reactions, the task force refined the system and began a broader test. Eleven personnel directors selected 31 offices for the task force to try the system. The offices were chosen on the basis of size (serving populations of 500 to 16,000), organization, clientele (wage grade versus general schedule), and geographical location to achieve the widest possible test base. The offices all participated voluntarily and the task force briefed all employees on the system and its history before the test began.

READEX FICHE

Results of the Test

The test revealed the measurement system represented nearly all the activities of the personnel offices. There were few exceptions and they did not reveal deficiencies with the functional areas themselves, but showed that certain offices conducted unique activities. Either an output measure did not apply to a particular site or an office needed an additional measure to include a particular aspect of its work. The problems were easily remedied by adding or deleting measures. Additions and deletions posed no problem for the system, which was designed to accommodate change. Most importantly, the system proved itself as a reliable means to measure personnel office functions systematically and comprehensively. Another asset is the system's flexibility. It may be adapted to suit varying workloads and office settings, while losing none of its basic characteristics.

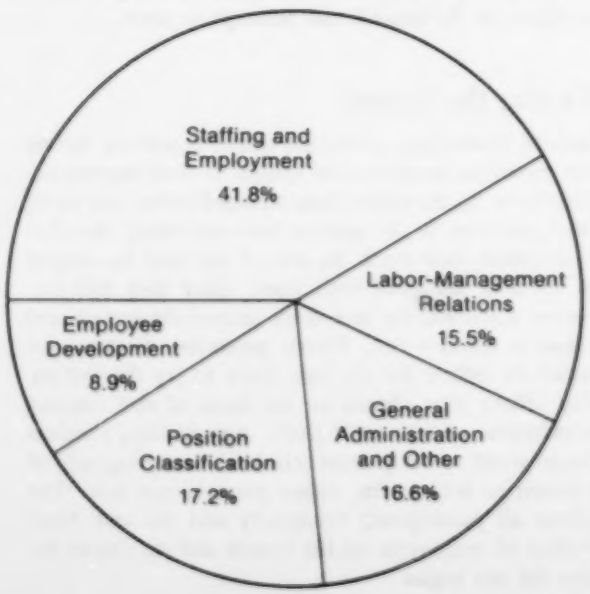
Results of the System

Figure 2 shows the total labor distribution by functional category for all test offices. As shown, staffing and employment accounted for the majority of employee time. Nearly equal amounts of time were spent in indirect labor (50.1%) and direct labor (49.9%).

One year after the test was begun, the task force sent an evaluation questionnaire to the employees participating. The task force received responses from 798 of the 1200 participants. The responses revealed no serious problems with the system, but indicated that the program for employee orientation to the system could be improved. The task force took steps to improve the orientation. Overall, the participants indicated satisfaction with the system and believed it covered the functions of the personnel office well.

Figure 2

Labor Distribution by Functional Category



Finally . . .

The personnel office study is a major step in building new performance measurement systems. OPM is also developing measurement systems using the personnel office study methodology for library services as well as accounting and financial management. These new systems, along with OPM's other work in measurement, auger well for the development of measurement techniques that will promote increased efficiency, accountability, and control throughout Federal organizations.

For copies of the personnel office report, call or write

Measurement and Analysis Division
Office of Productivity Programs/WED
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(202) 632-5568

Cost Saving Idea

Often the administrative cost of a small purchase exceeds the value of the items or services acquired. Purchases up to $150 can be economically and routinely handled through imprest funds. More extensive use of the imprest fund purchase can reduce the purchasing and payment workload. For larger purchases (up to $5,000 depending on local rules), blanket purchase arrangements similar to commercial charge accounts can minimize the costs of purchasing and simplify payment. Check with your procurement and purchasing office to determine which of your needs lend themselves to these procedures.

—Bob Grossman
Management Sciences Training Center
WED, OPM

—Compiled by Ed Murphy, Management Sciences Training Center, WED, OPM

DO YOU HAVE COST SAVINGS IDEAS THAT WOULD HELP OTHERS? If so, submit them along with the name and organization of the originator to *Performance*, P.O. Box 14108, WED, OPM, Washington, D.C. 20044.

Completed Staff Work— An Organization's Basis

An organization draws its strength from its foundation, particularly from its staff members who study problems and prepare recommendations to solve them. The thoroughness and efficiency with which staff members approach their tasks in large part determines the efficiency of the entire organization.

"Completed staff work" means that a staff person has analyzed an issue so thoroughly and presented it and recommendations to the supervisor so clearly that all the supervisor must do is approve or disapprove. It means that a staff person must assume responsibility for exploring and evaluating every aspect of an issue, ensuring that his or her recommendations account for any less than obvious factors.

Such a definition is easier to state than practice because the more difficult the problem, the stronger the tendency to present recommendations to the supervisor in piecemeal fashion. The tendency is further strengthened by a staff person's understandable wish to consult with the supervisor to work out details or seek explicit instructions. The less experienced the staff person, the stronger the tendency to ask the supervisor what to do. These practices can damage an organization and staff people should guard against giving in to them.

By overly relying upon a supervisor's help, the staff person forgoes building his or her own experience and ingenuity. Secondly, the supervisor may spend too much valuable time essentially performing an analysis a staff person should do.

Does the staff work in your organization fit one of the following descriptions?

- The work reaches the supervisor as a single, proposed action with concise explanations as to why other seemingly feasible approaches were discarded.

OR

- The work reaches the supervisor as an option paper with clear, succinct yet thoroughly researched courses of action from which to choose. The option paper contains the staff person's recommendations for a particular course along with his or her reasons for choosing it.

Either method constitutes completed staff work, although they should not preclude turning in rough drafts provided the rough drafts are not foils for half-baked ideas. A rough draft must not be a method for shifting to the supervisor the burden of analysis and formulation.

A staff person might prepare his or her work with some of the following guidelines in mind:

- Consult other staff members for advice and brainstorming sessions. Besides opening up new approaches, the tactic also promotes inter-office communication and courtesy.
- Consult colleagues in other offices such as budget, personnel, or the regions. Their viewpoints and expertise are invaluable for building comprehensive solutions to complex problems.
- Resist the temptation to ask the supervisor what to do. It is the hallmark of inexperience. If it becomes impossible to proceed without a supervisor's permission or perspective, prepare your request as you would a decision paper—thoroughly and with all facts in hand.
- Do not overload your package to the supervisor with voluminous memoranda and long explanations. Your package should be as brief as possible and constructed so logically that your meticulous research is evident. Keep back-up material available on request.
- Make sure that the package is complete as well as concise. If your work responds to a request, attach a copy of the request or an explanation of it so that the supervisor knows exactly what was required of you.

Completed staff work requires a great deal from a staff person, but offers rewards for everyone. The staff member acquires skill and expertise with each project; the supervisor does not have to deal with unfinished products; and the organization accomplishes superior work. In addition, the staff member who prepares a complete, clear package sells his or her ideas more readily than the one who does not.

Finally, evaluate your staff work by a simple principle: as the supervisor, would you sign it? As the staff member, should your supervisor sign it and stake his or her professional reputation on its validity? If the answer is doubtful, take the work back and redo it. It is not yet completed staff work.

—James M. H. Gregg
Associate Director, WED

(I kept in my files for years an essay on completed staff work. I do not know who wrote it, but I found it useful and have frequently handed it out to my staff. It formed the basis for this article. If you are the author of the essay, I would appreciate it if you would let me know.)

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Performance

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INCENTIVES: The Human Factor in Productivity

Managers, in thinking of productivity, tend to think of equipment or special programs rather than personnel. That tendency probably is a result of the perception that the 'system' of personnel management is inflexible—that it limits rather than facilitates a manager's ability to manage personnel.*

As a government manager, you undoubtedly spend a great deal of time managing personnel.

You realize that productivity and accountability to the public depend on the performance of your employees—which in turn depends on how well you select, train, motivate, and reward them. But, just as many other managers, you may well view personnel management as an administrative task separate from your total productivity improvement effort.

Nearly everyone in government or industry, Selma J. Mushkin and Frank H. Sandifer write in the *Productivity Improvement Handbook,* "can relate to the manager who reviews the latest performance report on his organization and says to himself, 'When we get that new computer system operational, it will improve our productivity.' However, if organizational productivity goes up after a new computer system is installed, it will not be because of a productive computer. It will be because the organization's personnel are more productive with the aid of the computer. New equipment is useful only if employees need it to do their jobs more efficiently or effectively and if they know how to use it properly. The manager who thinks of an equipment purchase solely in terms of nonpersonnel concerns is likely to find that expected productivity improvement will not be realized."

Most practitioners probably would agree that personnel concerns are important to the effectiveness of an organization and getting a handle on human motivation could easily prove to be the greatest boon a manager could have. They are also likely to agree that, whereas equipment may be purchased, it is considerably more difficult to motivate employees. There are too many variables and they perceive too many constraints in the personnel system. It is easy to overlook the constant that all employees will react to the proper incentive.

Both private industry and government experience demonstrates conclusively that employees respond to rewards for higher performance. Japanese industries,

*"Personnel Management," *Productivity Improvement Handbook for State and Local Government,* George J. Washnis, ed., 1980, p. 530. The *Handbook* resulted from a two-year, HUD-sponsored research project by the National Academy of Public Administration.

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Figure 1

CSRA's Effect on Federal Incentives

Employees	Recognition Authorized	Authority
GS 1-12 (or equivalent) GS 13-15 (or equivalent) GS 16-18 (or equivalent non-SES) Non-career SES	• Honorary Awards • Special Achievement Awards • Suggestion/Invention Awards • Quality Step Increases (for GS employees only)	5 USC Chapter 45 (Sections 4501-4506) 5 USC Chapter 53 (Section 5336)
GS 13-15	• **Merit Pay Increases**	5 USC Chapter 54 (Section 5402)
	• Honorary Awards • Special Achievement Awards • Suggestion/Invention Awards	5 USC Chapter 54 (Section 5403)
Career SES (or equivalent GS 16-Level IV)	• **Up to 5% of senior executives may be awarded by the President the rank of Meritorious Executive and receive a $10,000 payment.** • **Up to 1% of senior executives may be awarded by the President the rank of Distinguished Executive and receive a $20,000 payment.**	5 USC Chapter 45 (Section 4507)
	• **Senior executives may receive performance awards of not more than 20% of their basic rate of pay.**	5 USC Chapter 53 (Section 5384)
	• Honorary Awards • Special Achievement Awards* • Suggestion/Invention Awards	5 USC Chapter 45 (Section 4501-4506)

* OPM advised agency heads July 24, 1980 that SES members generally are not eligible for *Special Achievement Awards for Sustained Superior Performance*. They are, however, eligible for *Special Achievement Awards for Special Acts or Services.*

noted for their productivity and quality of work, rely heavily on incentive systems to motivate their employees and increase their production. And American industry and Federal Government agencies have achieved good results with incentives in numerous forms and systems.

Federal managers are fortunate in that the Federal Incentive Awards Program contains all the flexibility a manager needs to provide incentives that reward high performers and suit his or her particular organization.

Incentive Awards As Tools

As a manager, you can accomplish much with the human factor in the productivity equation and incentive awards are designed to help you do precisely that. Using incentive systems may never be more timely than now, when the Civil Service Reform Act (CSRA)'s requirements for performance appraisal and feedback offer managers a golden opportunity to re-design rewards systems in conjunction with performance appraisal systems.

The Government Employees' Incentive Awards Act of 1954 authorizes monetary and non-monetary awards for performance and suggestions. The Civil Service Reform Act reinforced this authority by placing great emphasis on the use of more meaningful incentives to recognize superior performance and to encourage increased individual and organizational productivity. In addition, a General Accounting Office (GAO) examination of incentive awards programs in a number of agencies determined that they could make greater use of incentives to increase productivity. Figure 1 illustrates authorizations for employee incentives, with the new authorities shown in italics.

Accordingly, OPM has revised both its regulation (5 C.F.R. 451) and guidance (Federal Personnel Manual Chapter 451) so that, in rewriting their regulations to bring them into compliance with new law and OPM regulations, agencies may redesign their incentive awards programs for better effect. It is an excellent time for managers to investigate what incentive awards can mean to their organizations and how their agency's program can be tailored to support the goals of their particular organizations and operations and meet the recognition needs of their work force. The revised regulations and guidance offer only the **framework** for effective incentive awards programs—they do not mandate the programs themselves. Thus, Federal organizations have the benefit of both a sound foundation and room for innovation and ingenuity in designing their incentive awards programs, and Federal managers should be actively involved in this process.

OPM's Changes in Incentives

OPM's changes make it possible for agencies to:

- Set aside sufficient funds each year to ensure that awards are meaningful and are granted in sufficient numbers. OPM recommends allocation of approximately one percent of base salaries for sustained superior performance awards for employees covered by this incentive awards authority. (5 USC Chapter 451, Subchapter 6)
- Link performance appraisal systems with performance rewards to provide objectivity and to increase employees' perceptions that deserving employees receive recognition. Thus, employees at all levels will know that managers are noticing their work, holding them accountable for it, and rewarding high quality performance.
- Speed up the process of recognizing employees. Program redesign should include, among other things, reviewing awards authorities to make sure they are delegated to the lowest practical level; examining the functions of awards committees to ensure they oversee program planning and evaluation rather than review awards case by case; and exploring ways to accelerate paperwork for award checks and use of the performance appraisal process as documentation for performance awards.
- Make the awards large enough to be meaningful. Awards up to $10,000 now may be approved by an agency head. Awards up to $25,000 can be granted with OPM approval, and awards as high as $35,000 can be granted with the approval of the President.
- Use non-monetary recognition, such as honors, developmental assignments, desirable assignments, and participation in decisions.
- Staff incentive awards positions adequately and evaluate the effectiveness of the agency's incentive awards program annually.
- Obtain advice, technical assistance, and training material from the Office of Personnel Management.

No single incentives awards program will suit all agencies or even all organizations within an agency. Hence, you need to use the full range of options provided by law and regulation to design a system that meets the specific needs of your organization. The Federal Incentive Awards Program permits you to recognize both employee **performance** and **suggestions.** In a future issue, *Performance* will carry an article discussing incentive awards for employee suggestions, while this article concentrates on rewarding employee performance.

Rewarding Employee Performance

Two widely used forms of recognition for high employee performance are the Special Achievement Award and the Quality Step Increase. The Special Achievement Award is granted for (1) individual sustained superior performance or (2) a special act or service. In both cases, it is a one-time, lump-sum cash award. A Sustained Superior Performance Award may be based on a percentage of the employee's salary. OPM recommends that it be as high as 15%, depending on the degree to which performance exceeds standards. For special acts, the amount is based on benefits to the Government and may be as high as $35,000.

The Quality Step Increase (QSI), although a pay action rather than an incentive award, usually is administered by agencies through their incentive awards program. A QSI is an additional, within-grade increase that benefits the employee, on the average, for four years. Only General Schedule employees are eligible for QSIs.

In addition, some agencies are using other forms of monetary recognition such as bonuses for achieving or exceeding production goals and non-monetary recognition. And since non-monetary incentives also play an important role in motivating employees, most agencies provide for top honorary recognition such as medals, plaques, or certificates. Managers can and do use simple verbal commendations, congratulatory letters, job enlargement, career development, and publicizing employee achievement to good effect.

In addition to these well-known and widely used rewards, your incentive awards program can provide special systems, for example, to motivate a particular category of employee, help meet specific organizational needs, or support the organization's mission. The benefits of rewards, whether simple or elaborate, are startling when managers apply them consistently and equitably and employees realize what they can achieve. The following examples illustrate creative use of the incentive awards programs. They vary according to each organization's structure and mission, but all have common features of rewards directly linked to performance, supervisory feedback to employees to let them know how they are faring, and managerial interest in and commitment to the program.

The Naval Sea Systems Command

Monetary awards directly linked to performance is the distinctive feature of the Naval Sea Systems Command's Performance-Contingent Reward System (PCRS). Under PCRS, keypunch operators earn cash bonuses on a continuous basis for performance that exceeds predetermined work standards. The amount of their bonuses is determined by how far they exceed the standards.

Under PCRS, the Long Beach Naval Shipyard gained an immediate and sustained increase in productivity. Over a ten-month period, productivity increased more than 30%, and overtime requirements, which normally averaged 50 to 60 hours per week in one keypunch section, fell to zero. The shipyard projected its annual costs savings under PCRS were $66,000 in

1978. As a result of this experience, five other Naval shipyards now have PCRS.

U.S. Patent Office

The U.S. Patent Office uses a similar system to award cash bonuses to employees who exceed pre-established performance levels for reviewing patents. An agreement between the Commissioner of Patents and Trademarks and the Patent Office Professional Association spells out the details. In essence, the system established production goals for each patent examiner, taking into consideration the levels of complexity for different examining groups, and productivity expectations for different grade and authority levels. Both management and patent examiners agreed on the methods for setting goals and determining productivity at the outset.

Examiners who exceed production standards not only receive cash incentives, but their productivity helps qualify them for promotion. Conversely, failure to attain at least 75% of the goal can cause the employee to be denied a within-grade increase.

Department of the Treasury

A system being tested at the Department of the Treasury links incentive awards with goal setting and evaluation. The Work Planning/Performance Review (WP/PR) started as a pilot project in the Office of the Secretary (OS) in 1978. WP/PR is a systematic way to establish work plans and objectives for individual employees; periodically evaluate their performance; and provide a basis for rewarding exceptional performance with monetary awards.

"I have always felt that the management of personnel is one of the major responsibilities of any executive," former Treasury Secretary W. Michael Blumenthal said in inaugurating the program, "I have worked with a process identical to the Work Planning/Performance Review in the past and have found that when people know what is expected of them, are held accountable, and are rewarded, performance is much higher."

WP/PR initially covered 700 employees, GS-12 and above, in the Office of the Secretary. The program's major components are collaborative planning and review; evaluation of job-related practices; employee feedback to supervisors; individual development plans; performance reports; and performance awards.

The awards component of the program contains these important features: budgeting for awards in advance; making all award determinations at the same time at the end of each six-month rating period; and central management review of award recommendations. Under WP/PR, money available for awards increased five times, and three times as many employees received awards. The awards range from $500 to $3,000 and employees are eligible for no more than one award in any 12-month period.

Treasury officials believe the program has been effective in focusing attention on performance evaluation and organizational productivity. And, experience gained through WP/PR helped OS meet the requirements of the Civil Service Reform Act in that work planning and performance evaluation procedures from WP/PR have been extended to both the Merit Pay and Senior Executive Service programs.

Foreign Agriculture Service

A completely different adaptation of incentive awards is used by the Foreign Agriculture Service (FAS) to strengthen the language capabilities of the agency.

Started in 1974, the program allows employees to qualify for as much as $850 in awards for attaining pre-established levels of proficiency in two foreign languages and for maintaining proficiency at or above those levels. Awards for professional employees in foreign posts are $500 for the language of that country, and $250 for a second language. A $100 bonus is paid for Japanese or Chinese. In Washington, awards are for no more than two languages at $250 each, plus the bonus for Chinese or Japanese.

The program has been highly successful in encouraging employees to develop and maintain language skills and has supplied FAS with a larger pool of employees with language abilities. FAS granted twenty awards initially under the program and the number has more than doubled in recent years (1977—41; 1978—47; 1979—45).

Veterans Administration

A program demonstrating particularly high creativity is currently in its third year of operation at the Veterans Administration (VA). Administrator Max Cleland instituted the "May I Help You Campaign" to encourage VA employees to increase their dedication and commitment to providing services to veterans and their families.

VA stations throughout the country developed techniques to encourage employees to improve services and to recognize those performing especially well. Some station directors used letters and lapel buttons to recognize winners of poster contests, suggestion contests, and weekly best-service-to-patients contests. Mr. Cleland sent special plaques and certificates to stations that conducted outstanding campaigns and made periodic unscheduled telephone calls to stations to maintain their level of participation. On scheduled visits to field

stations, he presented campaign buttons on the spot to employees giving exceptional service. Patients have come to recognize the buttons and some have asked to be treated by employees wearing them. Complimentary mail to the VA increased sharply.

The VA also used their special acts or services awards as a basis for establishing procedures under a special VA authority that permits awards up to $150 to be presented immediately.

Department of Housing and Urban Development

Another effective program is HUD's Behavioral Engineering Systems Training (B.E.S.T.) program. Detailed in June 1980 *Performance,* B.E.S.T. combines performance measurement, a strong emphasis on supervisory feedback, and performance recognition. Operating with rewards other than cash, the B.E.S.T. program has resulted in dramatic productivity improvements in selected units in the Office of Finance and Accounting.

Besides more and higher quality output, HUD supervisors noted better staff morale, higher attendance, decreased overtime, and fewer grievances under B.E.S.T. The program emphasized supervisory feedback, to the point of designing special worker report forms (kept by workers themselves)that showed not only the worker's progress but the accuracy rate as well. Supervisors were conscientious in responding to the workers' reports with praise or help in correcting problems and were rewarded with substantial productivity gains. In addition, the experience HUD gained through B.E.S.T. helped it meet its performance appraisal responsibilities under CSRA.

As these examples show, incentives come in many forms and essentially are limited only by a manager's imagination. You can and should be as creative as possible in your incentive program. More importantly, use of incentive awards should be an integral part of your overall management style, not something that is dusted off and used sporadically. Tight budgets should pose no problem for, as described, non-monetary awards of all types also bring results.

Rewards in any fashion demonstrate to employees that their contributions are recognized and valued, an undeniable morale booster. Linking rewards to their performance (via your performance appraisal system) lets them know that they must earn them and also lets them know how they are progressing.

In turn, the manager must make sure his or her employees receive their due recognition, in whatever form. It is a fairly simple equation with a big pay-off.

Are Your Incentive Systems Working?

If you have or are planning an incentive system for your organization, check your system or plans against the following questions.

- Do supervisors regularly discuss work performance and requirements with their employees and use the performance appraisals and the annual performance ratings to consider awards for those deserving recognition?
- Is the distribution of awards in your organization reasonably equitable among organizational units in relation to their achievement of objectives, as well as by pay plans, grades, and occupations?
- Do recognition and award patterns reflect equitable treatment for all employees regardless of race, color, sex, religion, national origin, or any other factors that are not job-related?
- Are the specific reasons why certain employees are rewarded **documented** and **publicized** at the time of the presentation and subsequently so that all employees understand why?
- Are managers and supervisors instructed in the use of awards and other forms of recognition as part of an established, continuing program of training?
- Are awards used to support government-wide or organizational goals and objectives, such as productivity improvement, energy conservation, or improved public services?
- Are awards approved at the lowest practical levels of line supervision, thus enabling actions to be taken within 30 days for awards cases within the same organization, 60 days within the same geographical area, and 90 days if the award must go to headquarters for approval?
- Is an annual review (coordinated with personnel management evaluations) made of the incentive awards program to see that it encourages employee ideas and performance beyond job responsibilities?
- Do supervisors and managers actively support the awards program through discussions at employee meetings, examining awards data in their organizations, participation in ceremonies, and recommending or approving awards for deserving employees?
- Do employees perceive that performance goals are reasonable and attainable?
- Are employees confident that management will reward outstanding performance and behavior?
- Does your incentive plan provide a variety of incentives so that individual differences are accounted for?
- Do you include employees in helping design or improve your incentives program?
- Do you take interdependence among tasks, individuals, or groups into consideration in rewarding performance?

If the answer to any question is no, take a closer look at your system. It may need some adjustment or you may wish to explore a new approach.

Help in Improving Your Incentive Program

If you find that your organization's present incentive system is not motivating employees effectively, try to find out what rewards will work better. A simple survey or a talk with your employees may be all that's needed to learn what will motivate them. Once you have these facts and know what you can do within Federal law and regulations, you can work with your incentive awards program staff at local and headquarters levels to design a system that meets the needs of your organization. Your agency has incentive awards specialists trained in the provisions of Federal law and regulation and how it can be applied. Don't overlook this close-to-home resource when you are planning or revamping your incentives program.

OPM's Incentive Awards Branch establishes policy and issues Federal regulations and guidance on the Government Employees' Incentive Awards Program. It also publishes educational and informational materials for use by agencies and agency managers. These include publications such as *Achievements* (a yearly compendium of information on the Federal Government's incentives program), and a range of material on how to establish, maintain, and evaluate an incentive awards program. The Branch also sends a bi-monthly newsletter *(Incentive Awards Notes)* to over 4,000 recipients in the Federal Government to supply up-to-date information on the Federal program.

If you need help, call or write

Incentive Awards Branch
Office of Productivity Programs/WED
Office of Personnel Management
1900 E Street, N.W.
Washington, D.C. 20415
(202) or 8-632-4596

Incentive awards can be as effective motivators as you are willing to make them. They can and have contributed to improved productivity and better services for Federal organizations. They offer a channel for establishing good relations with employees and for developing a workforce highly motivated toward achieving organizational goals and objectives.

The results achieved by the agencies in the examples demonstrate that organizations making full and creative use of the flexibility in the Federal Incentive Awards Program motivate their employees, achieve their missions more effectively, and improve their productivity. Given similar emphasis and delegation of authority for use throughout the organization, your agency can do the same with its incentive program.

The rewards are clear.

—Richard P. Brengel
Edith A. Stringer
Tom Kell
Incentive Awards Branch
Office of Productivity Programs/WED

For Training and Guidance

OPM has prepared the following publications and training materials to help Federal agencies with their incentives awards programs.

For Managers

—*Plain Talk About Employee Incentives—A Manager's Guide to the Federal Incentive Awards Program.* A concise training guide and desk reference for mid- and senior-level managers. (GPO Stock No. 006-000-01035-1, price $1.50 each.)

—*Incentive Awards—Management's Prerogative, Management's Obligation.* Designed for orientation of managers and executives, the training kit includes eighty 35mm slides, a synchronized 15-minute cassette tape, and an instructor's guide. (Title Number, A10262. Cost, $31.50 per kit.)

For Supervisors

—*A Supervisor's (15-Minute) Guide to the Federal Incentive Awards Program.* A programmed study guide, this booklet acquaints supervisors with the categories of and criteria for awards, their responsibilities in the program, and the benefits to be derived from incentives. (GPO Stock No. 006-000-00848-8, price, $1.20 per copy.)

—*Incentive Awards—A Positive Force in Personnel Administration.* Containing eighty 35mm slides, a synchronized 35-minute cassette tape, instructor's guide, case studies, and handouts, this is a complete package for training supervisors in the Federal Incentive Awards Program. GSA (NAVC, Title Number 008119, cost $31.50 per copy) This package also is available for loan or preview.

How to Receive PERFORMANCE

Performance is available through individual or bulk subscriptions from the Superintendent of Documents, Government Printing Office. Federal agencies may also obtain copies at reduced costs by riding OPM's printing requisition. An FPM Rider Bulletin (Series 171) containing subscription information was distributed to Federal Directors of Personnel in June. Check with your personnel office or call (202) 632- 7647 for information.

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Performance Standards—Measures for Appraising Performance

In its introductory issue in May 1980, *Performance* carried an article on performance appraisal in its entirety. ("Performance Appraisal: A Better Tool for Managers," *Performance*, U.S. Office of Personnel Management, May 1980.) In September 1980, *Management* magazine carried an article describing the job element method of defining critical elements and writing standards. The method identifies knowledge, skills, abilities, and other worker characteristics that may be employed as bases for standards. ("Job Elements and Performance Appraisal," by Cynthia Clark, Ernest Primoff, and Steven Van Rees, *Management*, U.S. Office of Personnel Management, September 1979.) Readers' response to the articles was so overwhelming that *Performance* is carrying another article dealing with setting performance elements and standards via a work results method.

Since performance appraisal (pa) consists basically of measuring employee performance against a predetermined set of standards, its success hinges on the validity of the standards. As the measures of achievement a supervisor will use to assess an employee's performance, they must be job-related and based on objective criteria.

To be job-related, supervisors should be able to demonstrate how the standards cover the employee's position; to be based on objective criteria, the standards should lead to measuring the employee's performance of the job. Without standards, performance appraisal amounts to little more than a farce.

The Civil Service Reform Act (CSRA) requires that management establish performance standards before evaluating employees. Standards are in turn essential for such corollaries to performance appraisal as merit pay, promotion, training, and performance improvement. In every case, they require us to set forth what aspects of an employee's work will be measured (performance elements), and what measures the supervisor will use (standards). With properly written elements and standards, both employees and their rating supervisors will understand exactly what takes place during performance appraisals.

An excellent approach to setting standards focuses on elements contained in work results. This method works particularly well when a supervisor and the employee to be rated work together to identify performance elements and develop standards. It is applicable to a wide range of jobs in Federal organizations.

Elements and Standards—What They Are

The Office of Personnel Management (OPM) defines performance standards for Federal agencies in regulations. Standards are "the expressed measures of the level of achievement established by management for the duties and responsibilities of a position or group of positions . . . (they) may include, but are not limited to, elements such as quantity, quality, and timeliness."

In short, performance elements (which include duties, responsibilities, and other components of a job) describe what an employee does. Performance standards express the levels of achievement management establishes for each performance element in a particular position or group of positions. Each performance element must have standards and the number of levels of standards per element will vary according to the particular job. In some cases, elements will have three or four levels—two or three above the "minimally acceptable" level and one below.

For Federal agencies, a critical performance element is "a component of an employee's job that is of sufficient importance that performance below the minimum standard established by management requires remedial action and denial of a within-grade increase, and may be the basis for removing or reducing the grade level of that employee." A manager or supervisor chooses as *critical* elements the central, most crucial components of a job or position.

PM 1.34:

Trust is Essential

For some jobs, standards of performance are inherent, even apparent, in the performance itself. That makes appraisal relatively easy. A salesperson's accomplishment can easily be tracked and measured by counting the number of sales. A factory worker either meets the quota or time standard or does not. In other jobs, appraising performance is vastly more complex and frequently overshadowed by emotion.

When we believe (as most of us do) that our work is in some part intangible, and therefore unmeasurable, measurement seems inappropriate. Complicating the issue further is the matter of confidence (or lack of it) between the evaluator and the evaluatee. If it is present, all goes well. On the other hand, performance appraisal shot through with suspicion and ill-will can be a painful process with ramifications that can seriously damage an organization.

There are ways to build trust or at least confidence into the performance appraisal process. Once a salesperson *accepts* an established quota of sales to be made as reasonable, he or she accepts being evaluated against that standard. Thus, he or she is prepared to accept a judgment based on that standard as fair. Ratee participation—both in setting standards and reporting results—helps build confidence in the system. Another way to build trust is to ensure standards are clearly and indisputably job-related and based on objective criteria. The work results method for setting standards builds trust and confidence through 1) allowing supervisors and employees to collaborate in performance planning, and 2) adhering strictly to job-related and objective performance criteria.

The Work Results Method

Setting standards based on work results rests on the assumption that results are the most important aspects of a job.

Step One—What to Measure

To establish performance standards, we first must know what aspect of performance we intend to measure. Performance is many things, but it always starts with work activity of some kind. The worker brings knowledge, skills, or abilities to the job. The job begins when they are applied as "work activity," sometimes called tasks or duties. Larger groups of activities are called organizational functions, covering such areas as "budget and finance," "personnel administration," or "research and planning." Organizational functions are really many activities usually performed by many workers.

All things combined, performance takes place when workers apply knowledge, skills, or abilities to activities which cluster to form organizational functions which achieve results. Results are the outcome of work activities and are usually thought of as being tangible objects or products. Services, however, such as "advice on petroleum allocation" are also results. *Products* and/or *services* comprise results in all jobs.

Accordingly, managers or supervisors in conjunction with their employee(s) should (1) list all products of a job and (2) list all services of a job. Services should include program responsibilities such as "job placement assistance," "applicant counseling," and supervisory responsibilities such as "planning" and "controlling work."

A good format to follow is to first state products or services generically. Instead of listing a number of projects such as "training contract with X," state "assisting agencies in implementing performance appraisal." Such a statement may cover a number of similar projects and will be a basis for evaluating as many of them as required against a common set of standards for such assistance.

Once the products and services are listed, select and list the three to five most important work activities involved in bringing about each product or service as shown:

PRODUCT **Guidance material on performance appraisal**

a. survey agency needs
b. collect exemplary materials

Major Work Activities

c. draft document
d. manage clearance in OPM
e. publish final

SERVICE **Leadership in multi-institutional agricultural research**

a. contribute to (advise) regional and national advisory and action groups
b. represent the agency in assigned national and international activities

Major Work Activities

c. participate in multi-institutional planning groups
d. evaluate research results
e. respond to special assignments

Products/services and major work activities are performance elements. In writing a performance plan, it is desirable to start the plan with a statement of the organization's mission, goals, and objectives. Then, each performance element may be linked to the broader organizational concerns. In addition, listing performance elements in priority order against the organizational objectives gives managers a chance to examine their relative importance and conduct some performance management—a benefit of good performance appraisal.

Once the performance elements—products/services and major work activities—are identified in the plan, the next step is to develop performance standards for them.

Step Two—Developing Standards

Figure 1 provides a format to help think through the process of developing standards. Instructions for its use are included underneath. The figure contains the various references for framing standards, i.e., quality, quantity, timeliness, etc., along with descriptors of level of achievement. Since all jobs have products and/or services and they can always be described at the fully acceptable level, begin at that level and work outward to develop higher or lower standards. Here is an outline of the procedure:

1. Examine carefully the performance elements—products/services and major work activities. Focus on the elements for which the worker has most responsibility.
2. Write a brief phrase or sentence which describes a fully acceptable product/service or major work activity based on the degree of responsibility the worker has for that product/service or activity.
3. Quantify your narrative as appropriate. Note that while not every standard can be quantified, most standards have aspects that can be. For example, if a qualitative standard is "must respond to client needs comprehensively and promptly," it may be quantified by adding, "the report to the client covers the agreed-upon data and is delivered within X days."
4. Combine qualitative and quantitative statements describing the fully acceptable products/services to develop a standard to measure levels of achievement.

Figure 2 provides an example of the entire process.

A few things are important to consider in the process:

(1) Do not try to measure every aspect of performance. It's often impossible and normally unnecessary. Measuring key aspects of the critical and important performance elements will do.

(2) All the references of quality, quantity, timeliness, etc., may not apply in each case, and in some cases, there will be other, more appropriate references to consider (e.g., cost).

(3) It is important that a standard be a measure that is applicable to the job. It is possible to develop a sound measure but have no practical way to apply it. In such a case, you may have to drop the measure. But if it is impor-

FIGURE 1–Performance Standards Worksheet

Element	Standard				How Applied
	Fully Satisfactory		Outstanding		
	Qualitative	Quantitative	Qualitative	Quantitative	
1. Product/Service Major work activities a. b. c. d. e.					

INSTRUCTIONS

Fully Satisfactory	**Qualitative** should indicate aspects of each performance element (product/service/major work activity) significant in determining level of achievement. Sample: "Activities performed are in full conformance with legal and program requirements; include all relevant participants; full display of cooperative agricultural research program interests in group deliberation; all reports meet time and contact requirements."
	Quantitative should indicate (where appropriate) amounts, times, and proportions of the aspects of each performance element. Sample: "No complaints from review staff indicating failure to comply with legal requirements; the following organizations must at least be contacted _____ _____ Report deadlines must be met within three days; maintain research cooperation at current level, i.e., 16-20 new projects a year."
Outstanding	**Qualitative.** Sample: "A significant increase in the number of new initiatives given current level of resources which indicates clear progress toward meeting agency goal."
	Quantitative. Sample: "Twenty five or more new initiatives."

tant, a performance element should not go unevaluated. You may need to *develop* a way of applying it.

(4) If there are important aspects of performance (demeanor, manner, etc.) which will not be measured by standards developed by the method as discussed thus far, you may develop what is called a behaviorally-anchored standard for them. Note that, in most cases, the method already described will suffice (since you are not trying to measure *everything*). If need be, however, you can use the following procedure to develop objective criteria for behaviorally-anchored standards (which will measure *manner* of performance in addition to results).

FIGURE 2–Elements and Standards*

TITLE Quality Assurance Director	GRADE AND SERIES GS-1910-14	
ORGANIZATION	LOCATION	RATING PERIOD FROM TO

Performance Element	Performance Standards	
	Fully Satisfactory	Outstanding
1. Program Management a. Ensure effective planning and review of program. b. Ensure that contracts are monitored. c. Make management visits to field. d. Report progress/status to superior.	All review schedules prepared 6 mos. in advance. Scheduled reviews are accomplished with less than a 15% backlog at the end of each quarter. Reports contain accomplishments and a list of what is to be done. The reports reach the superior no later than the 7th working day after the end of the quarter and contain fewer than 2 or 3 errors.	No quarter has a backlog greater than 5%. 90% of visits result in contractors improving their work significantly.
2. Material Deficiency Reports a. Maintain control on in/out reports. b. Review in/out reports. c. Ensure corrective action is completed.	A log is kept listing all incoming reports and the offices responsible for handling them. Reports are reviewed to determine nature of complaint. All outgoing reports reviewed for completeness, accuracy, and corrective action to be taken. Corrective action is tracked until it is finished.	Final corrective action is taken within ten days of the close of investigation.
3. Employee Development a. Maintains organization's statistics on training and its benefits. b. Ensures training needs are met. c. Discusses and arranges training with Training Office.	Maintains a workforce of at least 80% fully trained employees. Keeps abreast of training needs by continually assessing the workers' effectiveness. Plans employee training to disrupt work as little as possible.	Maintains a workforce of at least 95% fully trained employees. Meets top two training needs fully during the period.
4. Performance Appraisal a. Assists/trains subordinate supervisors in performance appraisal for both GM and GS employees. b. Maintains a performance appraisal program. c. Operates Incentive Awards Program.	Instructs at least 95% of subordinate supervisors in appraisal techniques for GS and GM employees. The final performance appraisal of all employees results in fewer than 10% complaints because of lack of understanding of procedures. 85% of appraisals on time. Properly documents bases for awards and effectively rewards exceptional workers.	All supervisors trained. All appraisals on time. As a result of appraisal program, 25% of individuals appraised improve their productivity significantly.
5. Staff Utilization a. Plans staff assignments to handle workload. b. Adjusts schedule as needed. c. Develops procedures for maximum efficiency.	Places all employees to take best advantage of their skills. Uses effectiveness measures (such as those found in the Labor and Performance Effectiveness Reporting System report) to keep organization within 85% effectiveness. Staff is assigned or reassigned to fill critical positions within 30 days.	Keeps the organization averaging 95% efficiency yearly according to the effectiveness measures for staff utilization. Staff is assigned or reassigned to fill critical positions within 20 days.

* These are actual standards developed by a component of the Department of Defense. Note that not every major work activity under a performance element must have a corresponding standard in this system. The standard refers to the performance element, not to each separate work activity listed.

Preparing Behaviorally-Anchored Standards

To ensure such standards are based on objective criteria, a manager should enlist the aid of six people intimately familiar with the position in question. The six job knowledge experts (JKEs) will serve as researchers and reviewers.

After the manager lists the aspects of performance not being measured by the products/services or activities approach, select three of the JKEs to develop as many as possible outstanding, good, fair, and poor performance descriptions for the aspects. A good approach is a brain-storming session. The group may come up with such examples as "the claims examiner asks the same questions repeatedly after training and six months on the job" (poor), or "when asked, the claims examiner accurately stated the adjudication policy" (good).

After the three member group has developed performance descriptions, separate the descriptions from their corresponding performance aspects and mix them up. Give the scrambled set of descriptions and performance aspects to the other three JKEs and ask them to arrange the descriptions under the appropriate performance aspect.

When two or more JKEs choose the performance aspect-description developed by the first group, retain the description as valid. If just one JKE chooses it, consider its retention only if the other two JKEs agree with it after discussion.

Finally, assemble all six JKEs and, by consensus, select the description(s) which best represents *outstanding performance* for each performance aspect. Assign it a value of five on a five-point scale. Then, select the one(s) that represent *poorest performance* for each aspect and assign it a value of one. Afterward, arrange the other descriptions at appropriate points on the five-point scale. Once these steps are completed, you will have a set of behaviorally-based standards for otherwise unmeasured performance elements. These may be used in an appraisal along with the performance standards described above. The point to remember is that these are for *unmeasured* aspects of performance when you need to measure manner or demeanor. They should not duplicate other measures nor should they be used unless there is a real need to measure manner of performance. In most cases, this approach would be inappropriate in a small organization where a manager could not assemble the required number of JKEs.

Step Three—Choosing Critical Elements

The next step in developing the performance plan is to identify critical elements from among the performance elements in the plan. Following OPM's description of critical elements, the following criteria to choose which elements are of sufficient important to be deemed critical may be useful:

- failure to meet the minimum standard would be life threatening (e.g., monitoring life support gauges on a nuclear submarine)
- failure to meet the minimum standard clearly indicates that the job's purpose could not be attained (e.g., typing for a clerk-typist, addressing a group for an instructor)
- failure to meet the minimum standard would keep other workers from accomplishing their jobs
- failure to meet the minimum standard would cause or result in significant property loss or damage
- failure to meet the minimum standard would cause or result in the organization not meeting key objectives

Each minimum standard should be looked at from the standpoint of these criteria at a minimum. Other criteria chosen in the particular context of an organization's responsibilities can be equally important. Any one of the above criterion applicable to a standard would indicate that the corresponding performance element is critical.

Once you have selected critical elements, you should have a set of standards and elements solidly based on job-related criteria.

Other Considerations

While developing a performance elements and standards package by any method, managers should keep the following important considerations in mind.

Consistency across similar positions. As a manager, you would not find it desirable to have ten people doing the same job at the same level evaluated under different standards. In addition, you would find it desirable to allow some flexibility to account for individual work assignments even when positions are the same. Thus, you may wish to determine which performance elements are common to a number of positions, require managers to include them in all performance plans for those positions, and leave open the option of adding other elements to plans for positions with additional or unique responsibilities. Another situation arises when some employees perform only one or two extremely time-consuming elements of an overall job. For example, an employment interviewer position may have ten or so elements, one of which is so time-consuming it is assigned to one particular employee. The employee is still an employment interviewer, but performs only one element of the job. That element should be the basis of standards for that particular position.

Managers may handle performance standards similarly by establishing uniform standards for common elements for supervisors to use; developing model standards with suggested ranges within which supervisors can apply specific standards relating to certain jobs; or developing unique standards for unusual jobs.

Appropriate Sources for Setting Standards. It is difficult to over-emphasize the importance of establishing the validity of performance standards. Some managers can develop standards via a simple consultation with an

employee, an approach that works best when there is trust and understanding between the manager and employee. Other approaches can include grouping employees when similar positions are involved and using a group process and consensus to arrive at acceptable performance standards. For production jobs, examining historical production data may be useful or conducting a time study of the work by keeping worker logs, supervisory observation, or third party review. The most important thing to remember is that the approach should be not only objective and realistic, but accepted by employees as such.

Number and Levels of Standards. The number of standard levels depends on the performance element. Some are simply a matter of "pass/fail," whereas others allow for three, four, or even five levels for achievement. The following suggestions can be useful:

(a) Each level should be reasonable; normally competent employees should be able to attain it. When above the minimum, the standard should be beyond the majority of employees but attainable by some.

(b) Each level should reflect the performance on which it is based, both in content and the level of performance prescribed in the position description.

(c) Each consecutive level of the standard should assume achievement at the next lower level. There must be a logical connection between levels.

(d) The levels of standards established should contribute to productivity improvement. Be imaginative in setting standards. The outstanding performance standard for an element is often phrased as an increase over lower levels. For example, "six agencies assisted over the next ten months" is fully acceptable; "twelve agencies assisted over the next ten months" is outstanding. The outstanding level, however, might well be phrased in terms of what you as a manager would consider an extraordinary contribution to your unit just by virtue of the fact that it was accomplished on top of meeting the minimally or fully acceptable standards. Would publishing a guidance manual prove more productive in reaching more agencies than an increased number of guidance projects? Think productivity improvement as a level of achievement in standards setting.

Practice is Best

Developing elements and standards so that they will be viewed with trust and confidence will require practice on your part. Experience in developing and applying standards will sharpen your skills, boost your organization, and give you better perception into your organization's performance. And that is precisely what they are intended to do.

For More Help

Call upon your personnel office for advice and help with your performance appraisal system. Also, OPM provides technical assistance, training, and consulting services to agencies on request. OPM can help with developing performance appraisal systems, implementing them, and evaluating them. For information, write the Special Programs Consulting Division, Office of Consulting Services/WED, Office of Personnel Management, P.O. Box 14108, Washington, D.C. 20044 (tel. (202) 254-3094 or (202) 632-8950) or contact your OPM regional office.

—Robert G. Pajer, Senior Consultant
Special Programs Consulting Division
WED

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Funds for this publication approved by the Director of the Office of Management and Budget, January 28, 1980.

Reader Survey

HELP

us increase our productivity

If you can spare a minute, please fill out and return this questionnaire. We need to know what you like, dislike, don't need, and could use in *Performance*.

1. What is your general reaction to *Performance*?

   excellent ____ good ____ average ____ below average ____ poor ____

2. How useful is *Performance* in:

	very useful	fairly useful	not useful
promoting productivity programs?	_____	_____	_____
explaining productivity issues?	_____	_____	_____
increasing your knowledge and/or understanding of productivity issues?	_____	_____	_____

3. What comments do you have on the articles presented—both in style and length?

4. What suggestions do you have for future topics?

5. What aspects of *Performance* have been most useful to you?
   Least useful to you?

6. How could *Performance* be improved?
   (e.g., coverage, structure, content, etc.)

7. What best describes your position?

SES ____ merit pay official ____ first line supervisor ____
other (specify) _____
number of employees reporting to you directly? ____ indirectly ____

Cost Saving Idea

The next time your agency plans to issue a manual, directory, pamphlet, or other multi-page document, you may wish to have your camera copy typed on Reduction Format Sheets and photographically reduced before printing. The following chart provides a comparison between same size copy preparation and reduced copy:

	Characters per page		Words per page		Increase per page	
	1-col.	2-col.	1-col.	2-col.	1-col.	2-col.
No reduction	3900	4200	650	700	*	*
90%	4800	5000	800	830	23%	19%
85%	5500	5700	920	950	41%	39%
80%	6200	6400	1030	1060	59%	52%
75%	6900	7100	1150	1180	80%	70%

You will notice that more copy per page can be accommodated in a 2-column format than in a 1-column format. Short lines at the end of paragraphs, as well as spaces between paragraphs, extend across the full width of the page in a single-column format, but only across the width of one column of a 2-column format, thus saving space. When 10 or 12 paragraphs per page are involved, the difference in the amount of copy per page could have a decided effect on the number of pages in the finished product, and on the cost and time needed for completion.

Using the figures in the chart, a pamphlet requiring 16 pages of copy without reduction would result in 13 pages with a 90% reduction; 12 pages with 85% reduction; and 9 pages with a 75% reduction.

In many cases, a pamphlet's appearance is improved by copy reduction. In addition, costs will not be as high because fewer pages will be used, fewer negatives and plates will be required, and the volume of bindery work will decrease. For more information, call the Management Sciences Training Center, WED, at (202) 632-5600.

—Steve Van Rees and
Woody Schuler
Publishing Services Section, OPM

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United States Office of Personnel Management

Performance

Volume 1, No. 6

December 1980

Agency-Wide Productivity—Where It Starts

As productivity becomes more and more an issue, Federal agencies are recognizing that their organizational answer requires a comprehensive strategy and plan. The successful approach to productivity improvement comes as an integral part of the management process, as an attempt to achieve greater effectiveness and efficiency in providing services and delivering products.

Several agencies have improved their productivity standings with the help of a central unit or office specifically devoted to productivity program development. Notably, the Department of the Navy has a special office established under the Navy Productivity Principal which carries out an overall productivity strategy, including analysis of existing efforts, identification of new opportunities for improvement, capital investment programs, measurement of productivity, and dissemination of information. The office has the support of top management. The Department of Labor has a productivity council which sets policy and coordinates all productivity plans.

Other agencies have productivity enhancement programs and are making good progress in such demanding and difficult areas as work and productivity measurement, probably the keys to productivity improvement. The National Labor Relations Board has developed a measurement system which integrates staffing requirements, budget justification, and performance appraisal systems. The Veterans Administration's Appeals Review Board has a measurement system for staff attorneys which links results to all personnel actions, including performance appraisal.

These agencies are moving in the right direction. With inflation eating up budgets and making it steadily more difficult to deliver services within budget and with the public clamoring for lowest cost and highest quality, agencies are forced to seek better and more systematic ways to meet their responsibilities.

The Office of Management and Budget has pressed agencies to be more productive. Circular A-11, which lays out the requirements for budget justification, says agencies must show productivity improvements and must justify their budget requests with hard data derived in part from work and productivity measurement.

OPM is responsible for leading the Federal productivity drive and has examined the structure and methodology behind successful productivity programs. As may be expected, good programs have certain elements in common.

At the Beginning

Agencies should begin their productivity initiative with a clear understanding of what productivity in the public sector means. In the private sector, productivity is a ratio: the ratio of output (expressed as quantity or volume of products and services) to labor input (expressed as labor costs). Productivity is thus traditionally a measure of efficiency, and efficiency urgently needs improvement in both the private and public sectors.

The public sector definition of productivity, however, includes more than efficiency. It means improvements in effectiveness, in responsiveness, and in the quality and timeliness of services and products. This is a very broad definition and perhaps not as precise as purists would like, but it does have the virtue of reflecting what is important in government work. Thus, it is a good place to start.

If an agency or department or bureau begins with a commitment to improved service at lower cost and defines productivity as it is defined here, what does it next do if it wants to take a comprehensive approach? There is no single prescription which fits all agencies, but there are procedural and substantive elements of a productivity program every agency ought to consider. First, the procedural elements.

Top management needs to be involved in and committed to productivity improvement. A good approach is to issue a policy statement which sets forth what is to be done to achieve productivity improvement. Top management may decide to be more actively and personally involved, but its commitment must at least be communicated through a forceful policy statement.

Responsibility for overall productivity improvement needs to be assigned to a specific unit within the agency or bureau. That unit must be held accountable for ensuring action, for collecting and organizing data, conducting

PM 1.34:

analyses, developing recommendations agency-wide, and disseminating information about the productivity improvement efforts. The unit need not be a new one; most agencies already have components with appropriate technical skills and perspectives.

The unit must be linked to related sources in and outside the agency. Units planning productivity programs need to learn about other agency efforts, about overall government productivity initiatives, and about research findings. They should inform themselves about programs such as merit pay, incentive awards, employee discipline, labor relations, and other improvement programs of the budget and personnel offices.

Employees at every level must take part in developing ideas about how to improve work and productivity. Seek union involvement, or where there is not a union, seek employee involvement by asking for suggestions and ideas about how to make their organization work better. Employees know a great deal about their work and often have not been asked for their ideas.

Productivity improvements must be publicized. Efforts that have paid off in lower costs, higher quality, greater timeliness, and more effectiveness can inspire others. Many in the government still must be persuaded that improvements can be made and the most convincing evidence is the actual performance of others engaged in similar functions.

Once the procedural elements are established, turn your attention to the equally important substantive elements in your productivity improvement programs.

Define the Mission of the Agency. The mission should be defined in terms of services to be provided—to whom, toward what end, at what cost, in what time frame, and with what long- and short-range goals and objectives in mind.

Establish indicators, measures, and a measurement system integrated with management information systems already used in decision-making. The measurement system must be tied to the mssion and objectives and must give managers information on the performance of the organization against its objectives. It must measure work activity as well as productivity and it must be designed to use in making decisions about staffing levels, budget justification, and performance appraisal.

Analyze the measurement data and transmit the data and the analysis to managers. Using both the data and other techniques of organizational assessment, the analysis must explain what has occurred over time within the agency and its subordinate units.

Develop recommendations for productivity improvement. The recommendations should be actions to improve the substantive work processes and results within the agency, but should also include actions to improve the use of technology, capital investment, and individual performance.

These elements are the framework for a productivity program. Other elements may be added; some may warrant less attention than others in your particular organization. All of them deserve consideration.

Measurement is the Key

Of major importance in an agency's efforts to improve productivity is its seriousness about measurement. Irving Siegel, who has spent more than 40 years in productivity management, says that the installation and use of a good measurement system is a "tonic" to an organization. The knowledge that work and productivity are being measured makes workers and managers realize they must perform well. The results OPM has found in its Exemplary Practices in Productivity Program (which identifies and documents successful productivity practices) show that the most successful programs are those which are well and systematically measured.

A good measurement system is not merely a matter of technical adequacy in that it contains valid work and productivity measures. It must do a number of things simultaneously. It should:

(1) Measure the work of individuals and small work units.

(2) Measure productivity, whether it is defined as efficiency only, or efficiency, effectiveness, quality, and timeliness. Measure productivity to permit aggregation upward, but start with subunits at a level that make sense to managers who can use the data to assess the subunits' performance.

(3) Permit managers to use the data for performance appraisal plans, including developing elements (based on the objectives or mission of the unit or agency) and standards (based on past trends in the volume of work and the ability of employees to handle that volume).

(4) Permit managers to use the data for personnel actions aimed at individual performance improvement—actions ranging from within-grade increases, promotions, merit pay increases, bonuses, and incentive awards to demotions, discipline, and firing.

(5) Permit managers to use the data to forecast staffing needs (based on workload and workload trends) and thus to forecast resource needs (in budget requests and justifications).

(6) Provide for integrating the whole measurement system into the management information systems as well as management's decision-making processes.

A good measurement system must have all these attributes if it is to stimulate improvements in productivity. The National Labor Relations Board and the Board of Appeals in the Veterans Administration have such systems and they have prompted major improvements in productivity in those two organizations. OPM's Workforce Effectiveness and Development Group has a Measurement and Analysis Division available to advise agencies on their measurement systems and supply descriptive documents and assistance. Call or write Measurement and Analysis Division, Office of Productivity

Programs/WED, P.O. Box 14108, Office of Personnel Management, Washington, D.C. 20044 (202) 632-5568 or your OPM regional office.

Putting Together A Program

An agency that wants to implement a productivity improvement strategy may not need to put all the substantive and procedural elements together at once, and it may not be able to develop and install a comprehensive measurement system immedately. Agencies may want to select elements which will help them make the most progress in the short term.

You may also want to evaluate your present personal and organizational commitment to productivity. The following checklist is a tool to assess where you are. It can also be a handy item to stimulate discussion in staff meetings and to assess how much progress you and your organization make over a period of time.

Once you have examined your present operations in light of the substantive and procedural elements and the checklist, you may decide to launch a more ambitious productivity program. If so, don't overlook the information and advice on productivity OPM can offer. Its Workforce Effectiveness and Development Group can help agencies develop overall strategies and plans as well as consult with agencies about measurement, training, and developments in the state-of-the-art. We have taken a multi-faceted approach to improving productivity, and all reports indicate this approach is effective.

—Blair G. Ewing
Assistant Director
Office of Productivity Programs/WED

Where to Call or Write:

Productivity Resource Center
Office of Productivity Programs/WED
Office of Personnel Management
Washington, D.C. 20044
(202) 632-6151

— Offers documents and reports on WED's work in productivity including Exemplary Practice Documents and measurement reports. Also offers referrals to other sources.

Incentive Awards Branch
Office of Productivity Programs/WED
Office of Personnel Management
1900 E Street, N.W.
Washington, D.C. 20415
(202) 632-4596

— Advice on how to plan and use an employee incentive system.

Training Consulting Division
Office of Consulting Services/WED
Office of Personnel Management
P.O. Box 14108
Washington, D.C. 20044
(202) 632-5653

— Advice on identifying training needs, making individual and agency training plans, developing a budget, and all aspects of your training program.

Special Programs Consulting Division
Office of Consulting Services/WED
Office of Personnel Management
P.O. Box 14108
Washington, D.C. 20044
(202) 254-3094

— Offers technical assistance and advice on developing, implementing, and evaluating performance appraisal systems.

Employee Health and Counseling Branch
Office of Productivity Programs/WED
Office of Personnel Management
P.O. Box 14080
Washington, D.C. 20044
(202) 254-6190

— Offers advice on new or improved preventive health services; helps agencies improve counseling for alcohol or drug abuse problems.

Employee Relations Branch
Office of Productivity Programs/WED
Office of Personnel Management
P.O. Box 14108
Washington, D.C. 20044
(202) 632-7778

— Offers materials, including analyses of appeal decisions, to help agencies apply the law and regulations correctly in performance-based actions.

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8-729-8227

Western Region
525 Market Street, 23rd Floor
San Francisco, California 94105
8-556-0581

I. ARE YOU SUFFICIENTLY CONCERNED ABOUT PRODUCTIVITY IMPROVEMENT?

1. Do you devote sufficient time to productivity matters?

   What percentage of time do you give to the following:

   - reviewing program effectiveness
   - reviewing and approving new policies and directions
   - reviewing operational performance
   - other productivity issues

   Is productivity improvement regularly discussed in your staff meetings?

   Do you specifically ask for productivity improvement from your subordinates?

   Do you follow up?

   Do your employees believe that you are concerned about productivity improvement?

2. Is the need for productivity improvement accepted throughout your organization?

   Is productivity improvement accepted and discussed as an important topic for the organization?

   Are criteria established to identify possible areas for productivity improvement?

   Are employees involved in productivity improvement efforts?

   Do you have evidence of significant improvement?

3. Does your organization use incentives to stimulate productivity improvement?

   Are monetary awards or bonuses offered?

   Are recognition items such as certificates, prizes, or awards given?

4. Do formal communication channels publicize productivity improvement?

Which of the following are used to publicize productivity improvement?

- newsletters
- papers
- staff meetings
- bulletin boards

How frequently do you use these media?

5. Are long-term goals and short-term objectives established?

Do productivity improvement goals include both efficiency and effectiveness?

Are effectiveness goals tied to the program plan and evaluation?

Are improvement objectives developed for each major program?

Does budgeting reflect plans for productivity improvement?

II. WHAT DO YOU KNOW ABOUT YOUR PRODUCTIVITY?

1. Is the efficiency of staff personnel measured?

Are critical outputs identified for each program?

Are work counts and time utilization records maintained for these critical outputs?

Are trend data available for the unit times?

Is unit cost information available?

Are efficiency data reported periodically to management?

Are unit times compared among regions? Are they compared with other organizations doing similar work in or out of government?

2. Are performance standards set for critical elements?

Are engineered (should-take) standards used?

What percentage of the work is covered by standards?

Are percentage reports regularly prepared and distributed to persons responsible for performance?

Are standards used by supervisors of day-to-day operations to plan and schedule work?

Are the standards used in budgeting and / or preparing a zero-based budget?

3. Is program effectiveness measured?

Are performance indicators available that reflect effectiveness of program goals?

Do these indicators include the target population, the level of service, and the desired impact?

Are measurable goals tied to indicators of program effectiveness?

4. Is the quality of work properly controlled?

Are error and timeliness data maintained and reported on a regular basis?

Are quality standards used?

Is quality performance measured and reported on a regular basis?

5. Is overall productivity performance measured?

Are measures used that combine effectiveness and efficiency by relating input to results?

Are the major cost elements identified for each program and are costs determined?

III. DOES YOUR PROGRAM FOCUS ON HIGH POTENTIAL IMPROVEMENT AREAS?

1. Has the potential for improvement been evaluated?

Have the following areas been evaluated for potential productivity improvement?

- change in strategies?
- improved procedures?
- better employee utilization?
- technological improvements?

How are the areas ranked in order of potential for improvement?

2. Does your method for selecting areas for improvement analysis relate the problem to productivity components?

Is the selection of improvement projects based on an understanding of the overall problem?

Do your improvement actions typically solve the problem?

3. Is the selection of areas for improvement based on potential cost savings and other factors?

Is the cost-saving potential calculated before significant improvement efforts are initiated?

Are other factors, such as the importance of the program in relation to other programs, considered?

4. Do you periodically assess major problem areas?

Are actual service levels reviewed?

What are the perceptions of outsiders regarding agency service or service delivery?

Are you proud to be identified with your programs?

IV. DO YOU USE THE FULL SPECTRUM OF ANALYSES TECHNIQUES TO IMPROVE PRODUCTIVITY PERFORMANCE?

1. Is the logic track that links output to results valid?

Are the assumptions of the logic track still valid?

Are alternative strategies continually considered?

Are the targets selected for program application reviewed?

Does the frequency of application have an impact on effectiveness?

Are quality and timeliness levels proper for effective results?

2. Are methods and procedures analyzed frequently?

Are your managers current aware of what others are doing in operations similar to you?

Are mechanization and new technology continually reviewed for possible application to your operations?

Are staff specialists asked to make improvement studies?

Do supervisors and employees make suggestions on improving operational details?

3. Is the way employees use their time frequently reviewed?

   Is work distributed evenly among the employees?

   Do waiting for work or preparatory and clean-up operations result in excessive nonproductive worktime?

   Are scheduling and/or production planning techniques used?

   Do peak loads cause an imbalance between the workload and the work force?

4. Are employees motivated to perform at a satisfactory level?

   Are employees told how well they perform?

   Are merit increases and awards tied to performance?

   Are "quality of working life" motivational techniques used?

   Have attitudinal surveys been made?

V. WHO IS RESPONSIBLE FOR PRODUCTIVITY IMPROVEMENT?

1. Are productivity improvement responsibilities clearly identified for line supervisors and managers?

   Are supervisors and managers held accountable for productivity improvement?

   Are their responsibilities for productivity commensurate with their authority?

   How are the various productivity efforts coordinated?

2. Are the different responsibilities for program effectiveness and operational efficiency identified separately?

   Is the responsibility for program effectiveness assigned to and carried out by senior managers?

   Is the responsibility for operational efficiency and performance quality assigned to, accepted by, and carried out by line supervisors and managers?

3. Are special staff organizations dedicated to productivity improvement?

   Do the line organizations have adequate support staff to assist them?

   Are the staff offices coordinated by a single office?

   Is productivity improvement training needed?

   Are outside organizations used effectively to improve productivity?

4. Are procedures adequate to ensure that productivity improvement responsibilities are accepted and carried out?

   Are productivity improvements reported regularly?

   Are actual results achieved by the productivity reported improvements?

   Does follow-up on the results and the reports ensure that benefits are achieved?

VI. ARE ADEQUATE STAFF RESOURCES AVAILABLE TO SUPPORT PRODUCTIVITY IMPROVEMENT?

1. Are all of the following functions adequately staffed?
   - program evaluation
   - work measurement
   - systems and procedures management
   - technological research
   - personnel

2. Are the following necessary disciplines available among staff?
   - engineering
   - business
   - science
   - computer technology
   - systems research and design
   - training

3. Are outside resources used?
   - to solve special problems
   - to provide unbiased evaluation
   - to train internal staff?

4. Do you have a program to train your analytic staff, middle management, supervisors, and employees in productivity improvement skills and attitudes?

5. Are the staff organizations properly controlled to achieve good results?

   Is performance measured?

   Are their efforts directed to areas of greatest need or highest potential?

   Do they work well with line organizations?

— reprinted from *Improving Productivity: A Self Audit and Guide for Federal Executives and Managers*, published by the National Center for Productivity and Quality of Working Life,* Washington, D.C. 20036

* The National Center for Productivity and Quality of Working Life's mandate expired in 1978.

FEDERAL PRODUCTIVITY MEASUREMENT REPORT

OPM's annual report, *Measuring Federal Productivity*, will be available in January 1981. Describing the productivity changes in 28 common functional areas in government as well as the average annual productivity rate, the report is the second such report OPM has published. The productivity data covers fiscal year 1979 and the report will be available from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

GOOD NEWS ON FLEXITIME

Flexitime can improve employee attitudes while causing little or no disruption to the organization, according to a new study conducted by OPM's Productivity Research Division.

The finding that flexitime causes no significant problems in organizational functioning and work behavior is good news for advocates of flexitime who are confronted with concerns that it will cause "chaos." The absence of negative effects in the study may be interpreted as strong evidence that offices may use flexitime without damaging workflow or decreasing their efficiency.

Equally important is the study's finding that employees using flexitime perceive increased control over their work and worklives. Studies conducted on organizational behavior have produced evidence that employees are more motivated when they work with some autonomy over their tasks. Furthermore, the study clearly shows that employees, once offered the choice, will use flexitime eagerly.

Some Hard Evidence at Last

OPM's study is particularly noteworthy since it employed a more rigorous evaluation of flexitime than most research. A recent review of eighteen flexitime studies by researchers Golembiewski and Proehl* notes that most have suffered from technical deficiencies and lack of systematic research.

OPM's study examined the effects of flexitime on employee satisfaction, productivity, and perceptions of the organization, work group, supervisor, and and job in three regional offices. Over seventeen months, researchers collected data on the way employees used flexitime, routine workload and prodution, and employee perceptions and attitudes. The controlled field study used an experimental-control group design, current data, statistical analyses, and objective productivity measures, all safeguards missing from most flexitime studies.

And the Results

First, flexitime "took." Over 90% of the employees who had the chance to change their working hours did so and, in general, they shifted to earlier starting times. Researchers performed statistical analyses of productivity data in the offices and found flexitime had no significant effect on productivity. They found no positive or negative work trends that could be ascribed to flexitime. In short, whereas positive effects are not clearcut, there are no major negative effects to flexitime.

Researchers also surveyed employees four times to track their attitudes during the entire study. Their statistical analyses of the data showed largely insignificant results with the exception that employees perceived increased influence and autonomy.

Finally, few supervisors reported negative effects of flexitime while the majority said flexitime was desirable. 95% of the supervisors in one region responded that flexitime had produced no problems in work responsibilities and effectiveness, and 60% of the supervisors in one site reported that flexitime had improved their employees' sense of responsibility, decreased abuse of working hours, and increased work group effectiveness.

Finally

OPM's study, although conducted more systematically than the studies reviewed by Golembiewski and Proehl, corroborated their findings. Overall, it determined that flexitime does not yield negative or undesirable behavior even though its positive effects may be difficult to establish.

If you are interested in examining OPM's flexitime report, write the Productivity Resource Center, Office of Productivity Programs/WED, P.O. Box 14080, Washington, D.C. 20044 or call (202) 632-6151.

— The flexitime study was conducted by Doris Hausser, Stanley Cohen, Charles Raben, Alan Siegel, Vito Stellato, and John Turney.

Office of Productivity Programs/WED

Now, Alternative Work Schedules

OPM is now conducting a second major study on Federal Alternative Work Schedules. The study is evaluating its effect on employee motivation, performance, and organizational functioning. The study covers applications of alternative work schedules ranging from one-half day off every 80-hour pay period to working 40 hours in a 4-day work week. For more information on the program, call Raymond J. Kirk, Compensation Program Development, Compensation Group, OPM, at (202) 632-5604.

Re-opening the Management Subscription Series

The Management Subscription Series offers Federal agencies an all-in-one subscription to *Management* magazine, *Performance*, and the *Manager's Handbook*. Each publication is available through separate subscription, but the Management Subscription Series provides an easy, useful package tailored for the Federal manager.

- *Management*, a handsomely illustrated quarterly magazine, offers articles on managerial issues, interviews, reading digest, legal briefs, and other regular features. (32 pages)
- The *Manager's Handbook* is a yearly-updated compendium of management and personnel practices in the Federal government. It contains sixteen chapters cross-referenced to the Federal Personnel Manual on areas of concern to busy managers. (252 pages)
- *Performance* comes out eight times a year with detailed articles on new and documented methods or programs to help you increase your organization's productivity. (8 pages)

Federal agencies placed over 25,000 subscriptions last summer and the series will be open again for subscription early in 1981. Watch for the OPM rider bulletin which will be coming to your personnel office in January for details. If you haven't subscribed, here's your chance.

Notice on Interagency Task Force on Productivity Measurement

OPM has established an Interagency Task Force on Productivity Measurement. The Task Force is to increase agency use of productivity measurement systems in management and budget processes. To carry out this mission, OPM, the Office of Management and Budget, the General Accounting Office, the Bureau of Labor Statistics, and other Federal agencies are forming a network for mutual assistance. Activities will include individual agency projects to improve the agency's measurement system; meetings, seminars, and exchange of written materials to share ideas and experiences; and documentation of good working systems to serve as models. Different agencies will have the opportunity to become involved in the Task Force over the next two to three years.

The Task Force is a part of OPM's overall effort to assist agencies in improving productivity, and will complement activities in measurement systems, research, documentation and dissemination, consultation, and training. Suggestons and questions regarding this new effort are welcome and should be directed to:

Allan D. Heuerman, Director
Interagency Task Force on Productivity Measurement
Room 5611
U.S. Office of Personnel Management
1900 E Street, NW
Washington, D.C. 20415

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